

Message Text

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INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 CIAE-00

INR-07 NSAE-00 L-03 H-02 /064 R

DRAFTED BY ARA/CAR:DCNORTON:BK

APPROVED BY ARA:AFISHLOW

ARA/CAR:MYOHN (DRAFT)

EB/ICD/ISM:HEWITT (DRAFT)

ARA:WHLUERS

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P 212311Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON PRIORITY

C O N F I D E N T I A L STATE 250522

E.O. 11652: GDS

TAGS: PFOR, JM, US

SUBJECT: DEPARTMENT'S DISCUSSIONS WITH AMBASSADOR RATTRAY
ON THE JAMAICAN CREDIT PROPOSALS

REFERENCE: (A) STATE 240693, (B) KINGSTON 3770

1. SUMMARY: DEPUTY ASSISTANT SECRETARIES LUERS AND
FISHLOW MET WITH JAMAICAN AMBASSADOR RATTRAY ON FRIDAY
MORNING, OCTOBER 17, TO REVIEW THE JAMAICAN PROPOSAL TO
ENTER INTO A CONCESSIONAL COMMODITY CREDIT AGREEMENT
WITH THE U.S. USG REPRESENTATIVES STRESSED THE VARIOUS
POLICY, LEGISLATIVE, AND BUDGETARY CONSTRAINTS THAT
LIMIT OUR ABILITY TO ENTER INTO ANY NEW LARGE SCALE
BILATERAL ARRANGEMENTS, BUT THEY ALSO OFFERED TO CONSULT
FURTHER WITH THE GOJ IN PREPARING A PACKAGE THAT COULD
ATTRACT EXTERNAL CAPITAL FROM IFI/PRIVATE SOURCES. END
SUMMARY.

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2. FISHLOW AND LUERS CITED THE MANY LEGISLATIVE/ BUDGETARY/ POLICY CONSTRAINTS THAT LIMIT OUR ABILITY TO RESPOND FAVORABLY WITH BILATERAL ASSISTANCE AS REQUESTED IN THE JAMAICAN PROPOSAL. THESE CONSTRAINTS INCLUDE: (A) THE DECLINE IN THE LEVEL OF U.S. RESOURCES AVAILABLE

FOR BILATERAL CONCESSIONAL ASSISTANCE; (B) THE CONGRESSIONAL REQUIREMENT THAT BILATERAL ASSISTANCE BE CONCENTRATED ON THE MSAS; (C) OUR POLICY TO MOVE TOWARD PROVIDING ASSISTANCE THROUGH THE IFIS, SUCH AS IDB, TO THE RELATIVELY MORE DEVELOPED COUNTRIES WITHIN THIS HEMISPHERE, INCLUDING JAMAICA; AND (D) THE UNLIKELIHOOD THAT CONGRESS WOULD ENACT LEGISLATION TO EXPAND THE PL-480 PROGRAM TO INCLUDE RAW MATERIALS AND FERTILIZERS. FISHLOW SAID THAT THE USG COULD CONSIDER REQUESTS FOR LIMITED AMOUNTS OF SHORT TERM EXIM BANK CREDITS FOR SPECIFIC CAPITAL PROJECTS, BUT MADE CLEAR THAT OTHER TYPES OF CREDITS WOULD BE IMPOSSIBLE TO ARRANGE.

3. GIVEN THESE LIMITATIONS ON OUR ABILITY TO PROVIDE DIRECT ASSISTANCE, FISHLOW SUGGESTED THAT THE GOJ CONSIDER APPROACHING THE IFIS AND THE PRIVATE CAPITAL MARKET FOR ASSISTANCE, AND HE OFFERED USG ASSISTANCE TO THE GOJ IN THE PREPARATION OF A PACKAGE FOR PRESENTATION TO THESE INSTITUTIONS. IN THIS CONNECTION, FISHLOW EMPHASIZED THAT 80 PER CENT OF THE CAPITAL FLOWS TO LATIN AMERICA IN 1974 WERE FROM PRIVATE SOURCES.

4. FISHLOW CAUTIONED RATTRAY THAT THE USG HAS NO SPECIAL RELATIONSHIP WITH THE PRIVATE BANKING COMMUNITY AND CANNOT COMMAND THE BANKS TO LEND MONEY TO A PARTICULAR CLIENT. THE USG'S ROLE WITH PRIVATE INSTITUTIONS WOULD BE LIMITED TO INFORMING THEM OF THE INVESTMENT/ TRADE OPPORTUNITIES OFFERED BY JAMAICA. IN THE END, HOWEVER, BANKS WILL MAKE THEIR OWN DECISIONS BASED ON THEIR OWN PROFIT/LOSS CALCULATIONS.

5. FISHLOW SUGGESTED THAT THE GOJ CONSIDER PARTICIPATION IN A PRODUCER/CONSUMER GROUP EMBRACING THE BAUXITE/ ALUMINA/ ALUMINUM INDUSTRY. SUCH A MULTILATERAL GROUP, CONFIDENTIAL

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COMPRISING PRODUCERS AND CONSUMERS, WOULD PROVIDE A FORUM FOR EXCHANGING INFORMATION ON THE PRICE/SUPPLY/ DEMAND FOR ALUMINUM AND DEMONSTRATE A COMMITMENT ON THE PART OF ALL PARTICIPANTS TO WORK FOR CONSTRUCTIVE SOLUTIONS. THIS WOULD BE VIEWED AS A POSITIVE DEVELOPMENT BY THE PRIVATE BANKING COMMUNITY AND WOULD ENHANCE JAMAICA'S ACCESS TO PRIVATE CAPITAL. FISHLOW ASSURED RATTRAY THAT THE U.S. DID NOT INTEND TO USE THIS GROUP

AS A MEANS OF ENSURING ACCESS TO BAUXITE AND OBTAINING CONCESSIONS FROM THE PRODUCING COUNTRIES.

6. FISHLOW PROMISED RATTRAY THAT THE DEPARTMENT WOULD PROVIDE FURTHER SUGGESTIONS WITHIN A WEEK ON HOW AND

HEN FURTHER CONSULTATIONS MIGHT TAKE PLACE. ONE POSSIBILITY IS FOR FISHLOW TO TRAVEL TO KINGSTON IN EARLY NOVEMBER FOR DISCUSSIONS WITH GOJ OFFICIALS.

7. COMMENT: (A) RATTRAY DID NOT OFFER ANY SPECIFIC GOJ QUIDS IN RETURN FOR USG ASSISTANCE, NOR DID USG REPRESENTATIVES SUGGEST THAT ANY QUIDS WERE EXPECTED; (B) RATTRAY WAS NONCOMMITTAL ABOUT THE PROBABLE GOJ REACTION TO OUR COUNTER-PROPOSALS, AND HE DID NOT PICK UP IN ANY WAY ON THE IDEAS SET FORTH IN PARAGRAPH FIVE ABOVE. AFTER THE MEETING CONCLUDED, HOWEVER, HE DID SOUND OUT ARA/CAR REPRESENTATIVES ON POSSIBLE TIMING OF A VISIT BY USG OFFICIALS TO KINGSTON, SUGGESTING THAT HE WAS INTERESTED IN PURSUING THE POSSIBILITY FURTHER.

8. THE DEPARTMENT PLANS TO PROVIDE RATTRAY WITH A SUMMARY OF THE MEETING, AND WE ANTICIPATE A RESPONSE FROM HIM REGARDING THE SUGGESTED FISHLOW VISIT. WE SUGGEST THAT YOU ALSO SOUND OUT APPROPRIATE GOJ OFFICIALS ON THE QUESTION OF FISHLOW CONSULTATIONS. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT PROGRAMS, FOREIGN ASSISTANCE, CREDIT AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE250522
Document Source: CORE
Document Unique ID: 00
Drafter: DCNORTON:BK
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750365-0832
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751035/aaaabfqh.tel
Line Count: 141
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 240693, 75 KINGSTON 3770
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 15 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 SEP 2003 by KelleyW0>; APPROVED <30 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DEPARTMENT'S DISCUSSIONS WITH AMBASSADOR RATTRAY ON THE JAMAICAN CREDIT PROPOSALS
TAGS: PFOR, JM, US
To: KINGSTON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006